

**IDAHO  
PUBLIC UTILITIES  
Commission**

Philip E. Batt, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

Ralph Nelson, President  
Marsha Smith, Commissioner  
Dennis S. Hansen, Commissioner

September 28, 1995

**VIA FED EX**

Ms. Donna R. Searcy, Secretary  
Federal Communications Commission  
1919 M Street, NW, RM 222  
Washington, DC 20554

7-30-95  
21 1995  
FCC

DOCKET FILE COPY ORIGINAL

Re: CC Docket No. 95-115, FCC No. 95-281

Dear Secretary:

Enclosed for filing is an original and nine copies of Idaho's Motion to Accept Late Filed Comments and its Comments in CC Docket No. 95-115, *Common Carrier Services: Increasing Subscribership and Usage of the Public Switched Network*. Kindly acknowledge receipt of this document by date stamping the duplicate copy of this letter and returning it in the enclosed self-addressed stamped envelope.

Sincerely,

Donald L. Howell, II  
Deputy Attorney General

DLH/vld:L-Searcy

Enc.

cc: Bev Barker  
Eileen Benner

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**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20054**

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IN THE MATTER OF )

COMMON CARRIER SERVICES: )  
INCREASING SUBSCRIBERSHIP AND USAGE )  
OF THE PUBLIC SWITCHED NETWORK. )

CC DOCKET NO. 95-115

FCC NO. 95-261

20 1995

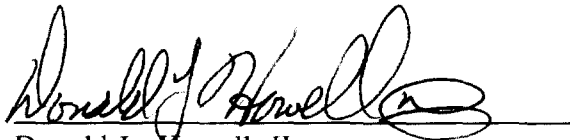
FCC LAW ROOM

**MOTION OF THE STATE OF IDAHO TO ACCEPT LATE-FILED COMMENT**

COMES now the State of Idaho by and through the Idaho Public Utilities Commission (IPUC) and hereby requests the Commission accept these comments two days late. In its Notice of Proposed Rulemaking released July 20, 1995, the Commission requested that initial comments be filed no later than September 27, 1995.

The delay in submitting Idaho's Comments was precipitated by the need to evaluate the proposals contained in the Notice and the unavailability of the IPUC Commissioners to review the comments to be filed in this matter. The delay in these comments should not result in any hardship to the Commission or other parties. Accordingly, the IPUC requests that the Commission accept these Comments two days late.

RESPECTFULLY submitted this 28th day of September 1995.



Donald L. Howell, II  
Deputy Attorney General

Idaho Public Utilities Commission  
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**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20054**

**IN THE MATTER OF**

**COMMON CARRIER SERVICES:  
INCREASING SUBSCRIBERSHIP AND USAGE  
OF THE PUBLIC SWITCHED NETWORK.**

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**CC DOCKET NO. 95-115**

**FCC NO. 95-261**

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**COMMENTS OF THE IDAHO PUBLIC UTILITIES COMMISSION**

In its Notice of Proposed Rulemaking, the Commission asked for comments on tentative conclusions it has drawn with respect to subscribership to the public switched network as well as general proposals on how subscribership might be increased. While noting that specific rules have not yet been proposed, the Idaho Public Utilities Commission (IPUC) supports the conclusion that subscribership, particularly among the low-income population, is greatly impacted by credit policies and service options provided by telephone companies.

A 1987 survey performed by community action agencies in Idaho revealed that the majority of the applicants for low-income energy assistance or commodity distribution programs did not have telephone service because they could not afford it. Over half of the participants had jobs. Deposits and previous unpaid bills were the most frequently cited reasons for not getting or being able to retain telephone service. The IPUC believes this continues to be the case. Informal complaints to the IPUC concerning utility credit and collection policies demonstrate that customers frequently have difficulty paying or disputing bill for toll calls and pay-per-call services.

### **Disconnection of Local Service for Nonpayment of Interstate and International Toll**

Although the provision of toll and local service has been disaggregated, billing and collection service for the most part remains with local exchange carriers. Many of the market abuses of today are made possible by this aggregation of billing for unrelated service providers, with the implied threat (even if it legally cannot be carried out) of disconnection of local service. As noted in the NPRM in this docket, Idaho has prohibited disconnection of local exchange service for failure to pay for toll or other non-basic services. However, there has been no clear parallel policy statement that nonpayment of interstate and international toll should likewise not be cause for disconnection of local service. Given the obvious jurisdictional concerns about setting a national policy that pertains to local service, the IPUC encourages the promulgation of a rule that would limit the consequences for nonpayment for a particular service to that same service. In other words, nonpayment for interstate service could result in disconnection of interstate service and nonpayment for international service could result in disconnection of international service. As long as LECs bill for toll service, rules on both the national and state level that link payment behavior with clear consequences on a service-specific basis will continue to be justified.

### **Toll Restriction and Collection of Deposits**

The IPUC believes that providing consumers with tools to manage their usage and establishing flexible credit policies for both new and existing customers is in the public interest. The majority of Idaho's subscribers have or will soon have toll restriction service available to them. Although toll restriction services vary in price, terms and conditions from company to company, customers who have problems paying or want to avoid incurring toll bills can generally retain local-only service. Customers of GTE Northwest who pose a medium or high risk of

nonpayment are blocked from making toll calls if a predetermined threshold of toll usage is exceeded. New customers who would otherwise be required to pay a deposit as a condition of receiving service are not required to pay a deposit because their toll usage (and thus the risk of loss due to nonpayment) is limited to a set amount. Customers who wish to have a toll limit lower than that automatically proposed by the company may do so.

The IPUC supports the provision of toll restriction services. In some circumstances, it is appropriate to charge for such service, such as in a multi-line business environment. For residential consumers, particularly those who have difficulty obtaining or retaining network access, customers should be offered free toll restriction with pre-established credit limits for toll service without requiring a deposit. This approach allows customers to exercise control over their toll usage without jeopardizing local exchange service, while simultaneously limiting telephone companies' exposure to economic loss due to nonpayment. As the telecommunications industry moves towards a fully competitive environment, it makes sense to start adopting credit policies that more closely mirror those of unregulated industries.

Although the IPUC would support a policy requiring LECs to provide interstate toll restriction services, we question whether such a requirement is necessary, given our understanding of how toll restriction service works and the practical application of blocking only interstate toll. Toll blocking services approved by states may vary somewhat in the degree to which access is denied, particularly with respect to operator-assisted calls, but direct 1+ access to chargeable numbers is a basic feature of toll restriction. Although blocking interstate toll is neither required nor prohibited, in effect, interstate toll is restricted when intrastate toll service is blocked. Although technically feasible, interstate-only blocking mechanisms are not necessary if a general toll restriction service is available. The IPUC does not necessarily oppose the

requirement for establishing an interstate-only blocking option, but question whether it is prudent to establish such a policy absent a finding that a significant number of states have failed to establish reasonable toll restriction policies. However, an interstate-only blocking option would benefit consumers in circumstances where other toll restriction options are not available.

### **Increasing Subscribership**

Prohibiting disconnection of local exchange service for nonpayment of any other services, including interstate and international toll service, will help keep subscribers on the network. Establishing reasonable credit policies, including requiring collection of deposits only in circumstances where the credit risk to service providers cannot be circumscribed, will allow new and previous customers to overcome the hurdles posed by high deposits and full payment of past debt. Offering toll restriction service and toll limitation options to consumers will help increase subscribership as well. Federal and state programs to increase subscribership, such as the Lifeline Assistance and Link-up Programs, are certainly helpful. However, an essential element of any plan to maintain or increase subscribership levels is affordability. Because affordability of the monthly cost is critical, efforts should be made to maintain or reduce that cost wherever possible. Unfortunately, the \$3.50 federal subscriber line charge (SLC) significantly increases the cost of subscribership and has become a barrier in and of itself. The IPUC recommends that the SLC be waived for any customer who has toll-restricted or limited toll service. Together with the other policies discussed above, waiver of the SLC would put service within the grasp of people who have been unable to enjoy the benefits of even limited access to telecommunications services.

## Summary

Given the unique characteristics of each state, the IPUC believes it is better for each state to individually identify and address factors that effect subscribership levels. The IPUC has taken a number of steps to help citizens gain access and stay connected to the telecommunications network. Despite the generally rural nature of Idaho, these actions have precipitated a high level of subscribership. However, the IPUC supports several of the concepts noted in this docket, and would like the opportunity to comment on specific rules when proposed.

The IPUC supports the Commission's proposal that carriers' deposit policies take into account diminished credit risk of toll-restricted customers, whether that restriction is voluntary or involuntary. The IPUC also supports:

- requiring LECs to offer interstate toll blocking service at no charge to customers where no state-approved toll blocking options currently exist.
- establishing toll limit service options for medium and high-risk customers if linked to free toll restriction and waivers of deposits.
- requiring service-specific denial options, where failure to pay for interstate toll service can result in restricted access to interstate toll service, with similar treatment for international service.
- waiving the SLC for any customer who has toll restricted or limited toll service.

Finally, the IPUC encourages an examination of carrier-specific restrictions as well, so that restriction of access to one service provider does not block access to another provider's service.

RESPECTFULLY submitted this 28th day of September 1995.

A handwritten signature in black ink, appearing to read "Donald L. Howell, II", is written over a horizontal line.

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Deputy Attorney General

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